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As lawmakers in the House continue to bang the drum for a delay in small businesses' implementation of Sarbanes-Oxley, the Securities and Exchange Commission seems even more resolute about denying such a delay.

Speaking at a Financial Executives International conference last week, SEC chief accountant Conrad Hewitt said auditors don't need further guidance because the adoption of Auditing Standard 5 addresses earlier concerns raised by companies with less than \$75 million in market cap. The SarbOx-created Public Company Accounting Oversight Board released AS5 after complaints that its predecessor, AS2, was overly prescriptive. The PCAOB has also issued guidance for auditors that it says will help reduce costs.

Furthermore, SEC staffers have said they expect small companies to suffer less in terms of cost than their large-company brethren have. That's because auditors have had a chance to go through implementation once, and have retooled their efforts, they say. As SEC chairman Christopher Cox said during a hearing last summer: "There's absolutely no question costs will decline."

But it's still anybody's guess what costs small companies will bear, despite the many reports, surveys and declarations of what small businesses expect to pay in SarbOx costs. The House Small Business Committee, which has sought a delay or exemption for small businesses, was scheduled to hold a hearing last week at which SEC staffers and small companies would testify on expected costs. That hearing has been postponed until December because of scheduling conflicts, staffers say.

In her quest to highlight the perceived threat of SarbOx, committee chairwoman Nydia Velazquez (D-N.Y.) has turned to a recent survey from the U.S. Chamber of Commerce. That survey found that many small businesses expect SarbOx costs to eat up more than 3% of their net revenue in the first year alone. The survey was primarily of smaller companies; 75% of the respondents were from public companies with less than a \$200 million float.

“For the first time, meaningful data is now available demonstrating that Sarbanes-Oxley Section 404 will impose heavy costs on small firms,” Ms. Velazquez said in a statement. “This is a burden that small firms cannot and should not be forced to bear.”

The survey found that almost 60% of the 177 companies polled feel that compliance with section 404 will do little to help auditors detect and prevent fraud. Nearly 80% of respondents want an extension of the compliance deadline, and about half of the small filers surveyed (those with under a \$75 million public float) said compliance with Section 404(b) alone would cost them about 3% of net income. Section 404(b) requires public companies to obtain an outside auditor attestation on internal controls.

Ms. Velazquez has repeatedly called on the SEC to conduct its own survey on costs and delay implementation for small firms in the meantime. The U.S. Chamber did the same. The SEC may conduct a cost-benefit analysis in the spring, after it collects more data from small companies that file internal controls assessments, according to spokesman John Nester.

Non-accelerated filers, which are typically smaller companies, need to begin providing internal controls assessments in annual reports filed for fiscal years ending after Dec. 15. They must include an auditor’s internal controls attestation in annual reports filed for fiscal years ending Dec. 15, 2008. Accelerated filers have already had to comply with SarbOx.

Others would like to see a Sarb-Ox delay, including former SEC general counsel Ralph Ferrara. During a regulatory conference in Washington earlier this month, Mr. Ferrara reportedly said SarbOx should be “recalibrated” to allow for more risk-taking. The regulation, he said, has led to less risk-taking and therefore fewer initial public offerings in U.S. markets.

Both Democrats and Republicans have taken swings at Sarb-Ox, and a few lawmakers have tried to soften the regulation. Reps. Gregory Meeks (D-N.Y.) and Mark Steven Kirk (R-Ill.) have introduced bills to reduce the auditing requirements for small businesses. Those bills have been languishing in committee and are unlikely to see any action this year. A proposal by Sen. Jim DeMint (R-S.C.) to exempt small companies from the auditing requirements was tabled earlier this year.